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- 1. US policy on China -- The Department of State has informed US Embassy Nanking that the US cannot follow the Embassy's recent recommendation that an "all-out effort" be made to aid Nanking. The Department considers that such a course would be inconsistent with present US policy on China, the fundamental consideration of which is not to become directly involved in the Chinese civil war. The Department points out that the Embassy's reports indicate: (a) the National Government has already lost the confidence of the people; (b) its leaders have not followed US military advice: and (c) the Government is incapable, under present leadership, of halting the spread of Communism. The Department declares that the US will "certainly continue to support the National Government as long as it remains an important factor on the Chinese scene." The Department considers, however, that it is impossible at present to formulate any rigid plans for our future policy in China and that the US must preserve the maximum freedom of action during the forthcoming period of extreme flux and confusion.
- 2. Strong SC action on Palestine urged—The US delegation to the UN in Paris has recommended to the Department of State that the US strongly support a projected British resolution which would: (a) endorse the Acting UN Mediator's order that both Arab and Israeli forces withdraw to their 14 October positions; and (b) appoint a Security Council committee to report on appropriate measures, including sanctions, which could be taken if either party refuses to comply. In discussing possible steps following the passage of such a resolution, the US delegation points out that refusal of either party to comply would be a most serious breach of the truce and that failure of the SC to take strong action at that time would not only further weaken the prestige of the SC and the US but would seriously impair the chances of a Palestine settlement based on the Bernadotte plan. The

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delegation further urges that US representatives in the Near East be instructed to press for prompt compliance with the Mediator's 25 October order so that further deterioration of the truce, to the point requiring threatened SC sanctions, will be avoided.

(CIA Comment: CiA believes that, unless the Security Council takes strong action immediately, the Israeli forces will not withdraw to their 14 October position and may even extend the scope of their present military operations.)